

Information Item

California Postsecondary Education Commission

Implications for California Higher Education Resulting from the 2003-04 State Budget

Staff will update the Commission on the resources provided for California higher education in the 2003-04 State Budget. In addition, staff will also present the initial implications associated with State funding reductions. Finally, staff will discuss the enclosed materials that it provided to the Assembly Higher Education Committee for its September 23 informational hearing on restructuring the financing of California higher education.

Presenter: Karl M. Engelbach.

California Higher Education Finance: Understanding the Challenge

*A Presentation by Staff of the California
Postsecondary Education Commission to the
Assembly Higher Education Committee*

September 23, 2003



General Purpose Revenue Sources Currently Supporting California Public Higher Education

	Base State General Fund Appropriations (For the California Community Colleges, most are Proposition 98.)
+	Enrollment Growth Funding (For the University of California, the marginal cost per additional FTE student is \$9,000, while the marginal cost per additional FTE student at CSU is \$6,600. New enrollment growth at the California Community Colleges is NOT funded on a similar marginal cost basis.)
+	Partnership funding for UC and CSU and “Statutory cost-of-living adjustments” for CCC as well as any augmentations for new programmatic initiatives (The UC/CSU Partnership Agreement with the Governor called for an average annual 5% increase in General Fund support.)
+	Tuition and Fee Revenues (Largely derived from student fees, but also fees from other fee for service activities.)
+	Local Property Tax Revenues (only for the California Community Colleges)
+	Lottery Revenues (which amount to approximately \$100 per FTE student)
+	Federal Support and Private Funding
=	Total General Purpose Revenues Available to Support Higher Education

Excludes All Capital Outlay Expenditures.

Source: California Postsecondary Education Commission.

Expenditures for the Primary Functions Performed by California's Public Higher Education Institutions

	Instructional-Related Expenditures for Pre-Collegiate and Remedial Education (includes direct instructional expenses, student service expenditures, and other costs associated with supporting the educational infrastructure)
+	Instructional-Related Expenditures for Educating Lower-Division Undergraduate Students (includes direct instructional expenses, student service expenditures, and other costs associated with supporting the educational infrastructure)
+	Instructional-Related Expenditures for Educating Upper-Division Undergraduate Students (includes direct instructional expenses, student service expenditures, and other costs associated with supporting the educational infrastructure)
+	Instructional-Related Expenditures for Educating Academic Graduate Students (includes direct instructional expenses, student service expenditures, and other costs associated with supporting the educational infrastructure)
+	Instructional-Related Expenditures for Educating Students Enrolled in Professional School Programs (including students in health science programs)
+	Research (includes both departmental research and organized research)
+	Public Service Activities (includes student outreach activities)
+	Economic Development Activities
+	Teaching Hospitals and Other Auxiliary Enterprises
=	Total Expenditures for the Primary Functions of California Higher Education

Excludes All Capital Outlay Expenditures.

*Fundamental Shortcomings Associated
with California's Current Financing Mechanisms
for the State's Public Colleges and Universities*

- ✓ The State's current financing structure for public higher education does not ensure a stable, reliable, and predictable source of revenue to support its public higher education institutions.
- ✓ The current financing structure and current reporting practices do not provide the State and its policymakers with clear information concerning the costs and expenditures associated with the various activities and functions within higher education.
- ✓ Given this lack of data and information, the current financing structure limits the ability of policymakers to make informed decisions concerning the allocation of resources among and between California's public postsecondary education segments and the activities that they perform.
- ✓ The current financing structure requires State investment in a variety of higher education functions simultaneously, albeit not necessarily those functions of highest need and priority for the State. As such, the current financing structure does not permit the State to support only those functions that are its highest priority.
- ✓ The State's current financing structure for higher education is not well aligned with the resource needs of its higher education institutions, the educational needs of local communities, and the economic development needs of the State.
- ✓ The financing structure for the California Community Colleges fails to provide adequate support for the programs the colleges are required to offer and fails to provide any mechanism to assist the colleges in addressing the unique needs of their communities.

Source: California Postsecondary Education Commission.

Estimates of the Cost, Price, and Public Subsidy of California Public Higher Education

COST: *What is the estimated cost of providing an education to students within each California public higher education segment (excluding capital outlay)?*

PRICE: *What is the “posted” price of mandatory systemwide student fees for full-time resident undergraduate students in each segment?*

SUBSIDY: *What is the estimated subsidy provided by the state and local governments to support the cost of education in each segment?*

ESTIMATED INSTRUCTION- RELATED COST PER FTE	=	POSTED STICKER PRICE PER STUDENT	+	ESTIMATED GOVERNMENT SUBSIDY PER FTE
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Estimates for the 2003-2004 State fiscal year:

UC ¹	\$17,200	=	\$4,984	+	\$ 12,216
CSU ²	\$10,200	=	\$2,046	+	\$ 8,154
CCC ³	\$ 4,600	=	\$468	+	\$ 4,132

Non-needy UC undergraduates pay about 29% of the cost of a UC education.
 Non-needy CSU undergraduates pay about 20% of the cost of a CSU education.
 Non-needy CCC students pay about 10% of the cost of a CCC education.

1. Includes lower-division, upper-division, graduate, and professional school instruction.
2. Includes lower-division, upper-division, and graduate-level instruction.
3. Includes lower-division instruction and adult education.

How California's 2002-03 Public College and University Undergraduate Resident Student Fees Compare with Other States and Institutions Nationally

University of California

UC 2002-03 Student Fee Level	\$4,017
Average 2002-03 Student Fee Level Assessed by UC's Public Faculty Salary Comparison Institutions	\$6,170
Average 2002-03 Student Fee Level Assessed by Public Flagship Research Universities Nationally	\$4,675
Percentage of Instructional-Related Costs Borne by UC Students in 2002-03	21%
Percentage of Instructional-Related Costs Typically Assessed Students at Public Flagship Research Universities Nationally	25%-40%

California State University

CSU 2002-03 Student Fee Level	\$1,998
Average 2002-03 Student Fee Level Assessed by CSU's Public Faculty Salary Comparison Institutions	\$4,584
Average 2002-03 Student Fee Level Assessed by Public Comprehensive State Colleges and Universities Nationally	\$3,718
Percentage of Instructional-Related Costs Borne by CSU Students in 2002-03	15%
Percentage of Instructional-Related Costs Typically Assessed Students at Public Comprehensive State Colleges and Universities Nationally	20%-35%

California Community Colleges

CCC 2002-03 Student Fee Level (assumes 26 units per year)	\$286
Average 2002-03 Student Fee Level Assessed by Public Community Colleges Nationally	\$1,957
Percentage of Instructional-Related Costs Borne by CCC Students in 2002-03	7%
Percentage of Instructional-Related Costs Typically Assessed Students at Public Community Colleges Nationally	15%-30%

Source: California Postsecondary Education Commission.

CPEC recommends that the Legislature identify its highest priorities for California higher education and then construct financing mechanisms to promote and encourage accomplishment of those priorities.

- ✓ In recent times, the State has allowed financing to drive decision-making for California higher education, rather than policy driving the priorities of higher education.
- ✓ Financing *should be* one tool or a means by which to support the accomplishment of identified State priorities and expectations.
- ✓ Prior to advancing an alternative financing structure for California higher education, the State should *first* clearly articulate its highest priorities and expectations for the State's public colleges and universities.
- ✓ Once those State priorities and expectations have been identified, the State's higher education financing mechanisms should then be examined and reconstructed to encourage and promote the advancement of the State's priorities.

Financing Options for California Public Higher Education

Increase Revenues Available to Support California Higher Education:

Examples include:

- ✓ Increase Federal, State, and/or Local Tax Revenues to Support Higher Education;
- ✓ Increase Student Fee Revenues; and
- ✓ Increase the Proportion of Current Tax Revenues Dedicated to Higher Education and Thereby Decrease the Proportion Available to Other Programmatic Areas.

Increase the Productivity and Efficiency of Existing Higher Education Resources:

Examples include:

- ✓ Refocus Existing State Higher Education Resources to Better Meet the State's Highest Priorities by Decreasing Funding for Lower Priority Higher Education Activities and Redirecting Those Resources to Higher Priority Functions
- ✓ Reduce Duplication in Academic Program Offerings
- ✓ Increase Joint Collaborative Activities Between and Among Campuses and Systems
- ✓ Improve the Preparation of California's High School Graduates
- ✓ Shorten Time-to-Degree through Decreasing Course Requirements

Frequently Asked Questions Concerning Student Fees and Financial Aid at California's Public Colleges and Universities



INFORMATION FROM THE CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

This document presents questions and answers to some frequently asked questions concerning student fees and financial aid at California's public colleges and universities.

Q: How much will California residents pay in tuition and/or fees to attend the State's public colleges and universities as full-time undergraduate students during the 2003-04 academic year?

A: California residents enrolled as full-time undergraduate students will pay about \$5,530 on average in systemwide and campus-based student fees to attend the University of California, about \$2,570 on average in systemwide and campus-based fees to attend the California State University, and \$18 per credit unit to attend the California Community Colleges. California residents pay only what are considered "fees" to attend the State's public colleges and universities; they do not pay "tuition." Only non-California residents pay "tuition" to attend the State's public colleges and universities.

Q: How do California's resident undergraduate student fees compare to those charged by comparable institutions in other states?

A: California's Community Colleges are the least expensive of any community college in the entire nation; the national average tuition/fees for a full-time community college student is about \$2,000 per year. California's community college fees are still about 33 percent less than those of New Mexico – the state that has the next lowest community college student fee nationally. The California State University's student fees amount to about one-half the average amount charged by their "public faculty salary comparison institutions" and about one-third less than average tuition and fees charged by comprehensive public state colleges and universities nationally. The University of California's resident undergraduate student fees are about 10 percent lower than the average amount charged by their "public faculty salary comparison institutions" and about equal to the average amount charged by public flagship universities nationally.

Q: What portion of the cost of providing postsecondary education is borne directly by resident students attending California's public colleges and universities and what portion is subsidized by the State?

A: While we have imperfect information concerning the exact cost associated with providing postsecondary education in California's public colleges and universities, we estimate that, on average, undergraduate residents attending the University of California pay about 30 percent of the cost of education in that system; California State University undergraduates pay about 26 percent of the cost within that system; and California Community College students pay about 10 percent of their cost of education.

Meanwhile, the State of California and its taxpayers are providing about two-thirds of the support for the cost of education at the University of California and about 74 percent of the cost of education at the California State University. For the California Community Colleges, State General Fund revenues support about 48 percent of the cost of education, while local property tax revenues provide the remaining 42 percent of support.

The State and its taxpayers provide about \$12,000 to support the postsecondary education of each full-time-equivalent student at the University of California, about \$8,000 per full-time-equivalent student at the California State University, and State and local property tax revenues combined provide about \$4,000 per full-time-equivalent student at the California Community Colleges.

Q: Given the recent increases in student fees, has additional financial aid been provided to offset the fee increases for financially needy students?

A: Yes. Both the State's Cal Grant program and the institutional financial aid programs administered by the University of California and the California State University have been increased in order to provide additional grant aid to financially needy students to offset the recent student fee increases. Both UC and CSU have set aside one-third of the additional revenue generated from the student fee increase for additional grant aid to needy students. Financially needy students attending the California Community Colleges are also fully protected from the recent student fee increase. All financially needy community colleges students are eligible to have their student fees waived through the Community College Board of Governors' Fee Waiver Program. The overwhelming majority of financially needy students attending the State's public colleges and universities will receive some form of financial assistance to offset the recent student fee increases, but they must apply for financial aid in order to receive this assistance.

Q: Do middle-income students qualify for student financial aid and/or for grant assistance to offset the recent student fee increases?

A: Many middle-income students do qualify for student financial aid. The federal government has established a rather complex methodology for determining the financial need of a student based upon the student's and his or her family's individual circumstances. The State's public colleges and universities use this federal methodology for determining a student's financial need. Students who feel they need financial assistance in order to attend or complete their postsecondary education should apply for financial aid even if they believe they or their parents earn too much money. For example, the University of California has recently announced that all financially needy students whose family incomes are less than \$90,000 would receive an institutional grant to partially offset the recent increase in UC student fees -- even if those students do not qualify for any other types of grant aid. Because many middle-income families are considered financially needy, they too are eligible to receive a waiver of all California Community College student fees. Even if students are not financially needy, they or their parents may still receive a federal tax credit and/or a federal tax deduction for the student fees they pay.

Q: How does a student apply for financial aid?

A: The first step in applying for student financial aid is to complete the *Free Application for Federal Student Aid* or FAFSA. The FAFSA is available from college and university student financial aid offices, in public libraries, or can be completed on-line at www.fafsa.ed.gov. Students are encouraged to contact their college or university's student financial aid office for assistance. In addition, California Community College students can have their student fees waived by completing a short application form and requesting a Board of Governor's (BOG) Fee Waiver. The Community College BOG Fee Waiver applications are available from any California Community College student financial aid office.

Q: How will the recent student fee increases affect enrollment at California's public colleges and universities?

A: Given the increased funding for grant aid to offset the student fee increases for financially needy students, the fee increases -- by themselves -- should have a relatively marginal impact on overall enrollments at California's public colleges and universities. Those students most at risk because of the recent fee increases are those who are unaware of or lack information about student financial aid and how to apply for that aid.

Actually, the Commission is concerned more about recent reductions in operating support for the State's public colleges and universities than the impact from the recent student fee increases. The Commission anticipates that enrollments in California's public colleges and universities are likely to be affected far more by the recent significant State budget reductions. These budget reductions will result in limitations in the number of courses offered and the support services available to students to assist them in making timely progress to their educational goals.

Decisions to limit student enrollments in order to protect the integrity and quality of the educational programs offered by our State's higher education institutions will also have a much greater impact on student enrollments than will be evidenced from the recent student fee increases. In fact, in passing the 2003-04 State budget, the Legislature indicated that because of State fiscal limitations, the University of California and the California State University would not receive additional funding in the 2004-05 state budget to support student enrollment growth. This legislative directive is unprecedented in California's history and begs the question of which students will have an opportunity to attend the State's public colleges and universities in the future. The Commission anticipates preparing further analysis concerning potential student enrollment limitations.

The following page provides some basic facts and figures concerning California undergraduate student fees and financial aid over the past three-year period.

Undergraduate Student Fee and Financial Aid Facts and Figures

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
Full-Time Resident Undergraduate Student Charges			
Includes Both Systemwide and Average Campus-Based Fees			
University of California	\$3,859	\$4,017 ¹	\$5,537 ²
California State University	\$1,876	\$1,998 ¹	\$2,566 ²
California Community Colleges			
Assuming 26 Semester Units per Year	\$330	\$330	\$468 ²
Maximum Cal Grant A Awards			
University of California	\$3,429	\$3,564	\$4,984
California State University	\$1,428	\$1,524	\$2,046
California Community Colleges	\$0	\$0	\$0
Non-Public Institutions	\$9,708	\$9,708	\$9,708
Maximum Cal Grant B Award for First-Year Undergraduate Students in All Postsecondary Segments			
	\$1,551	\$1,551	\$1,551
Maximum Cal Grant B Award for Non-First-Year Undergraduate Students			
University of California	\$4,980	\$5,115	\$6,535
California State University	\$2,979	\$3,075	\$3,597
California Community Colleges	\$1,551	\$1,551	\$1,551
Non-Public Institutions	\$11,259	\$11,259	\$11,259
Maximum Cal Grant C Award in All Postsecondary Segments Except California Community Colleges ³			
	\$3,168	\$3,168	\$3,168
Maximum Federal Pell Grant Award			
	\$3,750	\$4,000	\$4,050
<i>(Note that most CCC students do not qualify for the maximum Pell Grant award amount because of current federal law.)</i>			
Maximum Federal Subsidized Stafford Student Loan Limits for Undergraduate Students			
First Year Students	\$2,625	\$2,625	\$2,625
Second Years Students	\$3,500	\$3,500	\$3,500
Third and Fourth Year Students	\$5,500	\$5,500	\$5,500
Cumulative Undergraduate Loan Limit for Dependent Undergraduate Students	\$23,000	\$23,000	\$23,000
Total Undergraduate Institutional Aid, including Value of BOG Fee Waivers			
University of California	\$188,528,941 ⁴	\$184,645,303 ⁴	Not Available
California State University	\$150,743,990 ⁴	\$142,656,543 ⁴	Not Available
California Community Colleges	\$104,729,481	Not Available	Not Available
Independent California Colleges and Universities	\$854,000,000 ⁵	Not Available	Not Available
Number or Percentage of Undergraduate Students Receiving Need-Based Student Financial Aid			
University of California	66,332 ⁶	69,141 ⁶	Not Available
California State University	142,142	145,740 ⁶	Not Available
California Community Colleges	540,125	Not Available	Not Available
Independent California Colleges and Universities	90 Percent ⁷	Not Available	Not Available

¹ These amounts represent what undergraduates actually paid; they do not represent the adjusted annualized student fee levels.

² Reflects a 30 percent increase in UC and CSU student fees and CCC fees at \$18 per credit unit.

³ The maximum amount a community college Cal Grant C recipient can receive is \$576 to assist with the purchase of books/supplies.

⁴ This figure represents all undergraduate institutional financial aid -- both need-based and non-need based aid. For UC, the figure represents the amount provided during the traditional nine-month academic year. The 2002-03 figures for both UC and CSU are preliminary and have not been finalized.

⁵ Includes all institutional aid provided to undergraduate, graduate, and professional school students.

⁶ For UC, this figure represents the number of undergraduates receiving need-based financial aid during the traditional nine-month academic year. The 2002-03 figures for both UC and CSU are preliminary and have not been finalized.

⁷ This figure represents all undergraduate students receiving financial aid -- both need and non-need based student aid.

Frequently Asked Questions Concerning Future Enrollment Growth at California's Public Universities

INFORMATION FROM THE CALIFORNIA POSTSECONDARY EDUCATION COMMISSION



This document presents questions and answers to some frequently asked questions concerning enrollment growth funding limitations and its implications at California's public universities.

Q: What is "enrollment growth funding" and what actions has the Legislature taken that would impact the funding of future enrollment growth at the State's public universities?

A: Historically, the State has provided increased funding to the University of California and the California State University to support each additional full-time-equivalent (FTE) student enrolled. This additional funding is known as "enrollment growth funding." In 2003-04, the formula used by the State to determine the amount of support the State would provide for each additional FTE student -- known as the marginal cost for a new FTE student -- called for the University of California to receive about \$9,000 for each additional FTE student and for the California State University to receive about \$6,600 for each additional FTE student. The marginal cost amount for a new FTE student provides the resources associated not only with additional faculty to educate the student, but also the resources associated with additional student support and academic support services.

Given the State's current fiscal situation, in enacting the 2003-04 State budget, the Legislature adopted language stating its intent that the Department of Finance not include any enrollment growth funding for the State's public universities in preparing the proposed 2004-05 State budget. This language is consistent with the instructions recently released by the Department of Finance concerning development of the 2004-05 State budget. Given the Legislature's intent language relating to curtailing enrollment growth funding, it is unclear whether additional resources will be provided in the coming State fiscal year to support further enrollment growth at the State's public universities. There has been no similar expression of legislative intent related to enrollment growth funding for California's community colleges.

Q: How many additional students had been expected to enroll in the State's public universities in 2004-05 relative to the current year?

A: According to the California Department of Finance's most recent postsecondary education enrollment projections published in November 2002, it is estimated that the University of California, under normal circumstances, would enroll some 6,000 more California students in 2004-05 than in the current year and that the California State University would enroll some 13,000 additional California students next year. These estimates are similar to those prepared by the California Postsecondary Education Commission and by the State's two public university systems. Thus, the State's two public university systems combined were projected to serve about 19,000 more students in 2004-05 than they do in the 2003-04 academic year.

Q: What are the characteristics of these 19,000 additional students who were projected to enroll in the State's public university systems in 2004-05?

A: If the University of California is required to reduce 6,000 students exclusively through limiting the enrollment of new students, CPEC staff estimate that 83 percent of those 6,000 students would have been undergraduates and 17 percent would have been graduate students. Of the approximately 5,000 new undergraduates, about two-thirds would have been first-time freshmen and the remainder would have been additional community college transfer students who had completed all of their lower-division course work. Nearly all of the additional first-time freshmen would have graduated from California's public and private high schools during the current academic year and their racial-ethnic composition likely would have reflected greater diversity than ever before in the University of California's history. These estimates assume the continuation of past university admission and enrollment policies and practices; however, the University is currently discussing different scenarios for potential enrollment reductions in light of State funding limitations. Further, because a number of factors impact overall enrollments, such as the proportion of students who accept offers of admission and the length of time students take to complete their degree objectives (fee increases may speed time-to-degree completion), the overall number of students ultimately impacted is difficult to determine.

Similarly, for the 13,000 additional students who were projected to enroll at the California State University, about 85 percent would have been additional undergraduate enrollees and about 15 percent would have been students enrolled in graduate and teacher education programs. Of the 85 percent (approximately 11,500 additional undergraduate enrollees), nearly all would have been first-

time freshmen enrolling directly upon their California high school graduation, since the State University's highest enrollment priority is to accommodate upper-division community college transfer students prior to admitting any other new undergraduate students. Graduate and teacher education program students would have represented the remaining 1,500 additional students who likely would have sought enrollment in the California State University.

Q: How much additional State funding would typically be required in order to educate these 19,000 additional students at California's public universities next year?

A: Given the State's past funding policies and practices, the State General Fund cost associated with serving these additional 19,000 students would be approximately \$140 million annually, of which \$54 million would support the 6,000 additional students at the University of California and \$86 million would support the 13,000 additional students at the California State University.

Q: If the State fails to provide the estimated \$140 million in enrollment growth funding needed to support the projected 19,000 additional students does this mean that these students will not be able to enroll in the University of California and the California State University?

A: At this time (early September 2003), the answer to that question is unclear. Both the University of California and the California State University will be asking their respective governing boards to consider options for addressing continuing shortfalls in State support, including options relating to restricting enrollments in the 2004-05 academic year. For example, during the 2003-04 State fiscal year, both the University of California and the California State University each sustained significant reductions in State General Fund operating support with reductions amounting to more than \$400 million per system – nearly an 8 percent General Fund reduction for each system. Both university systems are also contending with on-going mandatory costs that were not funded by the State. Given the significance of these continuing funding shortfalls, both the University of California and the California State University have expressed serious reservations concerning their ability to provide quality education and instructional programs to all students who have already been admitted and are enrolled within their institutions. Both university systems have also indicated that without additional State General Fund support they will be forced to reduce or limit new student enrollments in 2004-05 in order to protect the quality of educational services provided to those students still enrolled.

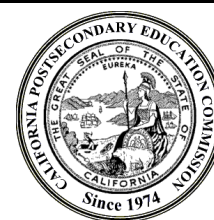
Meanwhile, in order to protect the quality of education for those students currently enrolled, 11 California State University campuses have already announced that they will not accept any undergraduate admission applications for the remainder of the 2003-04 academic year. Similarly, the University of California has returned approximately 1,500 applications from prospective students seeking to enter the university in the winter or spring terms of this academic year. The Postsecondary Education Commission anticipates issuing other issue briefs focusing on the implications associated with actions being taken by both the university systems and their campuses during the current academic year.

Q: Doesn't California's Master Plan for Higher Education require the University of California and the California State University to admit and enroll all eligible students? Won't the university systems be violating State law if they place limitations on student enrollments?

A: California's Master Plan for Higher Education is a compact between the State of California and its public higher education institutions. The Master Plan provides that all California residents in the top one-eighth (12.5%) or top one-third (33%) of the statewide high school graduating class who apply on time be offered admission to some campus within the UC or CSU system, respectively, although not necessarily at the campus or in the major of first choice. Typically, the Master Plan has been interpreted as requiring the State's public universities to find a space for all eligible students and for the State to provide sufficient funding to support those enrollments. However, not every aspect of the Master Plan is in statute; it has been the historic institutional policy and practice of both university systems and the State to honor these provisions of the Master Plan. Since 1960, even during periods of severe budget constraint, the State's public university systems have continued to admit every eligible California high school student. However, in light of the Legislature's intent language relating to enrollment growth funding, these historic Master Plan policies and practices may now be revisited.

For questions concerning the information presented in this issue brief, please contact Karl Engelbach of the California Postsecondary Education Commission staff. He can be reached at kengelbach@cpec.ca.gov or at (916) 322-7331.

Resident Undergraduate Charges at California's Public Universities



A CALIFORNIA POSTSECONDARY EDUCATION COMMISSION FACTSHEET

CALIFORNIA charges its own residents less to attend its public colleges and universities than it charges nonresidents. It charges resident students systemwide fees as well as mandatory, campus-based fees. The campus-based fees help support student services like counseling, student union activities, student government, and recreation. California has sought to avoid charging resident students for the direct cost of instruction, which it charges as "tuition" to nonresident students.

Who are resident students?

California State University determines the residency of its students according to State law, which defines resident students for tuition purposes as those who (1) have resided in California for at least one year and one day prior to enrolling in a college or university, and (2) intend to make California their home. A student may demonstrate the intent to reside in California through a number of means, including obtaining a California driver's license, owning or renting property in the state, registering a vehicle in California, and paying California personal income taxes.

A recently enacted statute now provides that nonresident students may be considered residents for tuition purposes if they have attended for three years and graduated from a California high school.

Generally, undergraduate students at the University of California are considered nonresidents if their parents reside out-of-state. They may be classified as California residents if they can demonstrate they are financially independent of their parents for at least two years prior to being classified as a resident. This means that it takes about three years for eligible out-of-state undergraduate students to qualify as California residents for tuition purposes.

What does the University of California charge resident students?

For 2002-03, the University of California charges undergraduate residents an average of \$4,017 in mandatory charges. This includes systemwide student fees, the average campus-based fees, and the \$135 fee increase approved by the University of California Board of Regents at its December 16, 2002, meeting. These mandatory fees do not include the cost of health insurance. If students do

not have health insurance, they are required to pay for such coverage. The average cost of student health insurance is \$526 per year.

The \$4,017 in mandatory fees for resident undergraduate students is \$2,057 less than the average amount charged by the four public universities with which the University of California compares itself for faculty salary purposes:

University of Michigan, Ann Arbor	\$7,960
University of Illinois, Urbana-Champaign	6,704
State University of New York, Buffalo	4,850
University of Virginia	4,780
Average of the comparison group	\$6,074
Average UC mandatory fees	\$4,017

What does the California State University charge resident students?

For the 2002-03 academic year, the California State University charges resident students an average of \$1,998 in mandatory fees. This amount includes the increase in systemwide student fees enacted by the California State University Board of Trustees at its December 16, 2002, meeting. This total is lower than all of the 15 public universities with which California State University compares itself in terms of faculty salaries and \$2,566 lower than the group average:

Rutgers, The State University of New Jersey, Newark	\$7,308
University of Maryland, Baltimore County	6,362
University of Connecticut	5,843
State University of New York, Albany	5,337
Cleveland State University	5,196
Illinois State University	5,037
Wayne State University	5,031
University of Wisconsin, Milwaukee	4,416
George Mason University (Virginia)	4,356
University of Texas, Arlington	4,123
North Carolina State University	3,827
Georgia State University	3,472
University of Colorado, Denver	3,238
University of Nevada, Reno	2,622
Arizona State University	2,585
Average of the comparison group	\$4,584
Average CSU mandatory fees	\$1,998